

SENATE BILL NO. 340

INTRODUCED BY ESSMANN, HIMMELBERGER, LARSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE CREDIT FOR GEOTHERMAL SYSTEMS INSTALLED IN RESIDENCES TO BE CLAIMED BY A PERSON CONSTRUCTING A RESIDENCE; ALLOWING THE CREDIT TO BE USED FOR CORPORATE LICENSE OR INCOME TAXES; AMENDING SECTION 15-32-115, MCA; AND PROVIDING ~~AN IMMEDIATE~~ A DELAYED EFFECTIVE DATE AND ~~A RETROACTIVE~~ AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-115, MCA, is amended to read:

"15-32-115. Credit for geothermal system -- to whom available -- eligible costs -- limitations. (1)

A resident individual taxpayer or a person constructing a new residence who completes installation of a geothermal system, as defined in 15-32-102, in the taxpayer's principal dwelling or in a residence constructed by the taxpayer is entitled to claim a tax credit against the taxpayer's tax liability under chapter 30 or 31 for a portion of the installation costs of the system, not to exceed \$1,500. ONLY ONE CREDIT MAY BE CLAIMED FOR A RESIDENCE. The amount of the credit not used in the year in which the installation is made may be carried forward against taxes imposed under chapter 30 OR 31 for the 7 succeeding tax years. The entire amount of the credit not used in the year that it was earned must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax year. A credit is not allowed under this section for expenditures claimed as a deduction under 15-32-103.

(2) For the purposes of this section, installation costs include the cost of:

- (a) trenching, well drilling, casing, and downhole heat exchangers;
- (b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;
- (c) ground source or ground coupled heat pumps;
- (d) liquid-to-air heat exchanger, ductwork, and fans installed with a ground heat well that pump heat from a well into a building; and
- (e) design and labor."

1 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval JANUARY
2 1, 2006.

NEW SECTION. Section 3. ~~Retroactive applicability~~ **APPLICABILITY**. [This act] applies retroactively,
within the meaning of 1-2-109, to tax years beginning after December 31, 2004 2005.

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